DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
801 N Market Street, Suite 9400
Philadelphia, Pennsylvania 19107-3134

Region III/Division of Medicaid and Children's Health Operations
SWIFT #071820184069

September 27, 2018

Mr. Stephen M. Groff, Director
Division of Medicaid and Medical Assistance
P.O. Box 906
New Castle, DE 19720-0906

Dear Mr. Groff:

We are pleased to inform you of the approval of Delaware State Plan Amendment (SPA) 18-002. This amendment modifies the State Plan to update Delaware's current Federally Qualified Health Center (FQHC) reimbursement policy to better align with the costs of operating Delaware FQHCs. Enclosed is a copy of the approved SPA pages and the signed CMS-179 form. The effective date of this amendment is July 1, 2018.

If you have any questions, you may contact Michael Cleary at (215) 861-4282.

Sincerely,

Francis T. McCullough
Associate Regional Administrator

Enclosures

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HEALTH CARE FINANCING ADMINISTRATION

FORM APPROVED
OMB NO. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER: SPA# 18-002

2. STATE: DELAWARE

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE: July 1, 2018

5. TYPE OF PLAN MATERIAL *(Check One)*:

☐ NEW STATE PLAN ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN XXX AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT *(Separate Transmittal for each amendment)*

6. FEDERAL STATUTE/REGULATION CITATION:
1902(bb) of the Act

7. FEDERAL BUDGET IMPACT:
a. FFY 2018 $ 573,842
b. FFY 2019 $ 2,314,757

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
4.19-B, Page 13

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*:
4.19-B, Page 13

10. SUBJECT OF AMENDMENT: Reimbursement Methodology for FQHCs

11. GOVERNOR'S REVIEW *(Check One)*:
☐ GOVERNOR'S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL
XXX OTHER, AS SPECIFIED: Governor's comments under separate correspondence

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:
Stephen M. Groff, Director, Division of Medicaid and Medical Assistance

14. TITLE: Designee for Kara Odom Walker, MD, MPH, MSHS, Secretary, Delaware Health and Social Services

15. DATE SUBMITTED:
7/3/18

16. RETURN TO:
Stephen M. Groff
Director
Division of Medicaid and Medical Assistance
P.O. Box 906
New Castle, Delaware 19720-0906

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:
July 3, 2018

18. DATE APPROVED:
September 27, 2018

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:
July 1, 2018

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:
Francis McCullough

22. TITLE:
Associate Regional Administrator

23. REMARKS:

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
STATE/TERRITORY: **DELAWARE**

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES –
OTHER TYPES OF CARE

FEDERALLY QUALIFIED HEALTH CENTERS

The Centers for Medicare and Medicaid Services (CMS) requires that Federally Qualified Health Centers (FQHCs) be reimbursed in compliance with the Benefits Improvement and Protection Act (BIPA) of 2000. Effective July 1, 2018, Delaware Medicaid shall reimburse each FQHC per-visit through one of the following two (2) methodologies:

1. A prospective payment system (PPS) rate, where 100 percent of the reasonable costs based upon an average of their fiscal years 1999 and 2000 audited cost reports are inflated annually by the Medicare Economic Index (MEI). or
2. For FQHCs that elect this method, an Alternative Payment Methodology (APM), equal to the per-visit cost as reported by the FQHC in its most recent cost report, subject to an audit performed by a certified public accountant as to the reasonableness of the reported costs.

The APM described in methodology option two (above) shall pay at least the PPS rate. Any FQHC that elects to be reimbursed for services under the APM shall sign an agreement with the Delaware Medicaid Program acknowledging this decision.

Managed Care Supplemental Payment - APM

The Medicaid Managed Care Organizations are contractually required to include the same service array and the same payment methodology as the State Medicaid FFS contracts with FQHCs. The Delaware Medicaid Program will verify that the FQHC has received [for every visit at least the PPS rate as calculated by methodology option one (above) or the APM rate, in the event the FQHC elected to be reimbursed via methodology option two (above). For Delaware Medicaid FQHC reimbursement purposes, a wraparound payment shall be defined as the difference between payment under the PPS or APM methodology and payment provided under the Managed Care contract. If there is a discrepancy in payment amounts, the Medicaid Managed Care Organization will make a wraparound payment to the FQHC within 90 days following the date the claim was submitted. Per the Social Security Act, Section 1902(bb)(5)(A) and (B)The wraparound payment schedule shall be agreed to by the State and FQHC and will be no less frequent than every four months. An annual reconciliation shall occur within 120 days after the end of each State Fiscal Year.

Managed Care Supplemental Payment

The Medicaid Managed Care Organizations are contractually required to include the same service array and the same payment methodology as the State Medicaid FFS contracts with FQHCs. The Delaware Medicaid Program will verify that the FQHC has received for every visit at least the PPS rate as calculated by methodology option one (above) or the APM rate, in the event the FQHC elected to be reimbursed via methodology option two (above). For Delaware Medicaid FQHC reimbursement purposes, a wraparound payment shall be defined as the difference between payment under the PPS or APM methodology and payment provided under the Managed Care contract. If there is a discrepancy in payment amounts, the Medicaid agency will make a wraparound payment to the FQHC within 90 days following the date the claim was submitted. Per the Social Security Act, Section 1902(bb)(5)(A) and (B). The wraparound payment schedule shall be agreed to by the State and FQHC and will be no less frequent than every four months. An annual reconciliation shall occur within 120 days after the end of each State Fiscal Year.

☒ The rate year for FQHC services is July 1 through June 30.

☒ The payment methodology for FQHCs will conform to section 702 of the BIPA 2000 legislation.

The payment methodology for FQHCs will conform to the BIPA 2000 requirements Prospective Payment System.